



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

Schutzzoll und Freihandel: Die Voraussetzungen und Grenzen ihrer Berechtigung. Von RICHARD SCHÜLLER. Vienna, F. Tempsky; Leipzig, G. Freytag; 1905.—304 pp.

This valuable work consists essentially of three parts: first, an illuminating study of costs of production; second, an unsuccessful attack on the theory of international trade; and third, an attempt to formulate a rational trade policy on the basis of the theory developed in the antecedent discussion.

The study of costs is the best part of the book. The difference between greatest and least entrepreneur's costs varies widely from one industry to another, depending on differences in natural resources, freight, labor and management, and capital and credit, ranged in descending order of importance. Hence a scale of industries: (1) agriculture and mining; (2) reduction works; (3) industries producing heavy goods of low value; (4) industries producing fancy wares; (5) industries producing valuable staples. The first show widest variation of costs between different producers; the last, least. Because of diminishing returns, increased production at any given time means higher maximum costs; and the wider the spread of costs, the greater the rise in maximum costs in proportion to the increase of production. Consequently, a given rise in price will induce least increase of production in those industries standing highest in the above scale; *i. e.* those in which natural resources are of determining importance.

The gain of foreign trade consists in the lower prices paid by consumers; the loss, in the suppression of domestic industry. If a tariff increases production by a value greater than the total increase of price paid by consumers, the social income is increased, and, furthermore, its distribution is improved. This is most likely to be true in the industries at the bottom of the author's scale, while in agriculture and mining free trade may reduce prices greatly without greatly lessening domestic production. Such in brief is the theory. A review can give no idea of the ingenuity and suggestiveness of the study of costs.

To stake one's theory of protection on the success of a broadside attack on the theory of international trade is, scientifically speaking, a bit daring. Dr. Schüller undertakes to show that, emigration of labor and capital aside, the total production of a country may be permanently lessened by imports. He hopelessly confuses immediate with ultimate results and, after mentioning the most important element in the problem, the diversion of labor and capital, treats it as non-existent. No one doubts that the removal of a tariff may make certain invested

capital and acquired skill worthless, may reduce certain rents and lower certain wages ; but to argue from this that imports permanently lessen home production is like arguing that new machinery and the competition of skilful entrepreneurs reduce output.

To justify a tariff, says Dr. Schüller, the increase of domestic production must exceed the difference between the costs of production of such increase and the price at which the same goods could have been obtained from abroad (page 138). After much study, the reviewer can extract no meaning from this statement. The criterion our author actually uses is that the increase of production must exceed the increase of price paid by the consumer on the whole supply, wherever obtained. The correct criterion, in the reviewer's opinion, is this : the increase of domestic production of the protected goods during the period considered plus the government tariff receipts must exceed the increase, if any, that would have occurred in the protected industry without any tariff, *plus the product elsewhere of the labor and capital diverted into that industry*. The omission of the italicized element is a time-worn protectionist fallacy. Its recognition upsets Dr. Schüller's whole theory of protection and his system of measuring its advantages. His study shows that free trade is more directly advantageous to a country in some industries than in others ; it does not in the least justify protection. That cannot be done outside the field of time relations, into which the author does not enter.

In criticizing thus sharply this part of Schüller's theory, the reviewer would not minimize the value of his work as a whole. His study of costs will have to be taken into account by all future trade theorists. He has indicated clearly the economic relations that condition international trade and has pointed out the criteria to be noted in determining its advantages. The whole treatment is sane and balanced and, in general, liberal.

The second half of the book contains a short historical sketch of the growth of modern trade policy, with a judicial survey of contemporary tariffs, indicating the overwhelming influence of greedy protected interests in writing the schedules. None the less Dr. Schüller believes England to have been seriously injured by her uncompromising adherence to free trade ; accordingly he seems to think the modern world between the devil and the deep sea in regard to foreign trade. In other chapters he studies in interesting fashion the technique of trade policy, export tariffs and premiums, the balance of trade, commercial treaties, reciprocity, "most favored nation" treatment, and the relations between kartells and tariffs. Incidentally, in a foot-note to page

148, he neatly upsets the theory that a tariff should equal the difference in cost of production at home and abroad.

HENRY RAYMOND MUSSEY.

COLUMBIA UNIVERSITY.

When Railroads Were New. By CHARLES FREDERICK CARTER. New York, Henry Holt and Company, 1909.—xiv, 324 pp.

Railway Rates: The Method of Calculating Equitable Rates and Charges for Merchandise Carried on Railways. By JOSEPH HORROCKS. London, Swan Sonnenschein and Company, 1909.—ix, 485 pp.

Mr. Carter, in addition to having had much valuable experience in railroad building, possesses a keen appreciation of the really human side of things; and his book is a decided success. It will take an important place among the useful works on the American railroads. It will also be of great value to students of the history of the American people. Much of our historical writing is now being recast, to make it less one-sided—to make it cover our life in all of its phases. To the mind of the historian one thing in our life is now most clear—that railroad transportation has been one of the greatest economic, political and social factors in our life. And such a book as Mr. Carter's makes this thing stand out with greater clearness and vigor.

In the narrative of the building of the railroads, the chronological order has been followed. The book opens up with a general chapter on the dawn of the railroad era, and then follow chapters dealing with the struggles of the building of the more important systems—with the difficulties of financing the roads and of constructing their roadbeds, their locomotives and rolling stock. Throughout the book is full of instruction, and withal it is intensely human. At no point is it filled with abstract analysis or cold logical discussion. Probably the most important of its chapters are those which treat of the building of the Pennsylvania Railway, of the first transcontinental line (the Union Pacific and the Central Pacific) and of the Canadian Pacific.

Books on the more formal aspects of railroads have been more or less abundant, but we have had nothing until this one on the human side of the coming of railroads to this country, on the social, political, and economic quarrels which were present in their coming. For this reason and because of its intrinsic merits, Mr. Carter's book deserves our consideration.

At first glance, Mr. Horrocks's *Railway Rates* appears to be a very